



# Blockchain Utilities Index (BUTL)

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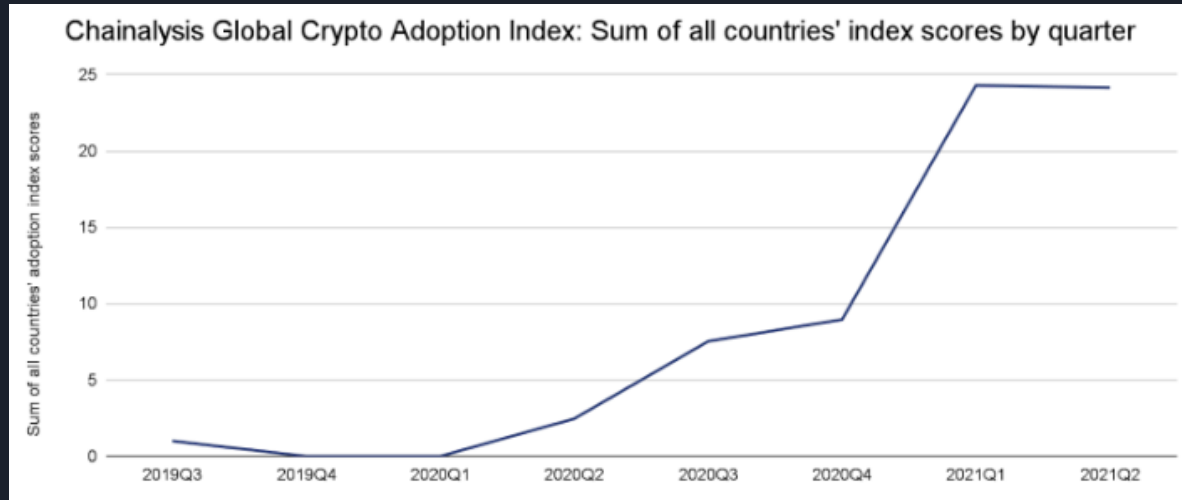


# Index Introduction

- Adoption of blockchain and cryptocurrencies is quickly growing
  - Institutional adoption has led the way over the past two years
- Venture capital resources are starting to be allocated outside the top market cap coins
- The utility of blockchains has expanded broadly with recent developments and funding
- These tokens remain overshadowed by the market dominance of top market cap coins
- Specific allocations based on token utility will better encapsulate the potential for growth within the digital asset class as a whole

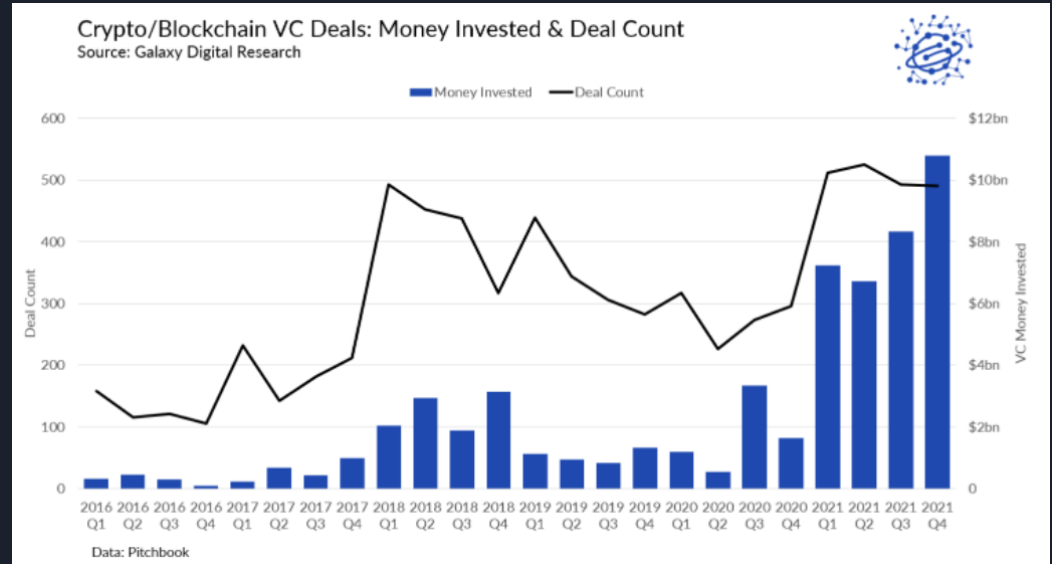
# Overall Crypto Adoption (Chainalysis)

- “Global adoption has grown by over 2300% since Q3 2019 and over 881%” from Q2 2020 to Q2 2021
- “Adoption in North America, Western Europe, and Eastern Asia over the last year has been powered largely by institutional investment.”



# VCs Allocating Resources (Galaxy Digital Report)

- “Crypto/blockchain startups received almost 5% of venture capital deployed in 2021”
- Allocation:
- 41% DeFi related
- 17% NFT, Web3, DAO, and Metaverse related





# What is a Utility of Digital Assets

- Utility - rights to survive or product granted in exchange for the ownership of the digital asset
  - Use case is predetermined by the design of the respective blockchain
- Solves a societal problem currently unaddressed or offered by a central party
- A potential source of intrinsic value
- Utility can be offered at the moment or in the future
- Utility vs Security vs Fiat



# Constituent Selection

- Tradable on an exchange within the United States
- Coin Type Filter
  - Must provide a unique exposure and be decentralized
- Minimum of \$10mm 24hr trading volume on three consecutive rebalance days
- A Single token cannot be weighted >20%
- Sum of tokens with weightings above 5% cannot make up more than 50% of the index
- Each theme must have at least two tokens and no more than 10

# Exclusions

- USD pegged tokens
  - Does not provide exposure to cryptocurrencies
- Centralized Exchanges
  - Are not decentralized
  - The exposure could be gained via equity shares (Coinbase)
- Derivatives
  - These are smart contract representations of existing tokens
  - The exposures will exactly match the underlying

Rank	Exclusion	Name	Current Price	Market Cap
1		Bitcoin	\$ 44,458.00	\$ 843,790,920,926
2		Ethereum	\$ 3,114.91	\$ 373,386,553,445
3	USD Peg	Tether	\$ 1.00	\$ 80,957,463,794
4	CEX	BNB	\$ 411.85	\$ 69,173,843,029
5	USD Peg	USD Coin	\$ 1.00	\$ 52,258,511,065
6		XRP	\$ 0.83	\$ 39,745,664,758
7		Cardano	\$ 1.10	\$ 35,274,460,090
8		Terra	\$ 91.03	\$ 32,588,606,294
9		Solana	\$ 98.75	\$ 32,048,802,166
10		Polkadot	\$ 20.72	\$ 22,700,471,929
11		Avalanche	\$ 83.66	\$ 22,348,562,856
12	USD Peg	Binance USD	\$ 1.00	\$ 17,544,453,785
13		Dogecoin	\$ 0.13	\$ 17,375,848,211
14	USD Peg	TerraUSD	\$ 1.00	\$ 15,973,648,311
15		Shiba Inu	\$ 0.00	\$ 13,281,154,905
16	Deriv	Wrapped Bitcoin	\$ 44,408.00	\$ 12,182,057,020
17	CEX	Cronos	\$ 0.46	\$ 11,565,444,819



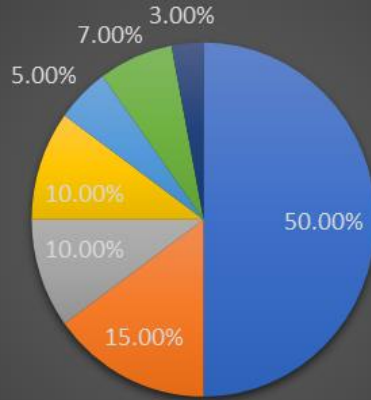
# Our Utility Themes of Digital Assets

High, Mid, Low Growth



# Utility Theme Weightings

Theme Allocation

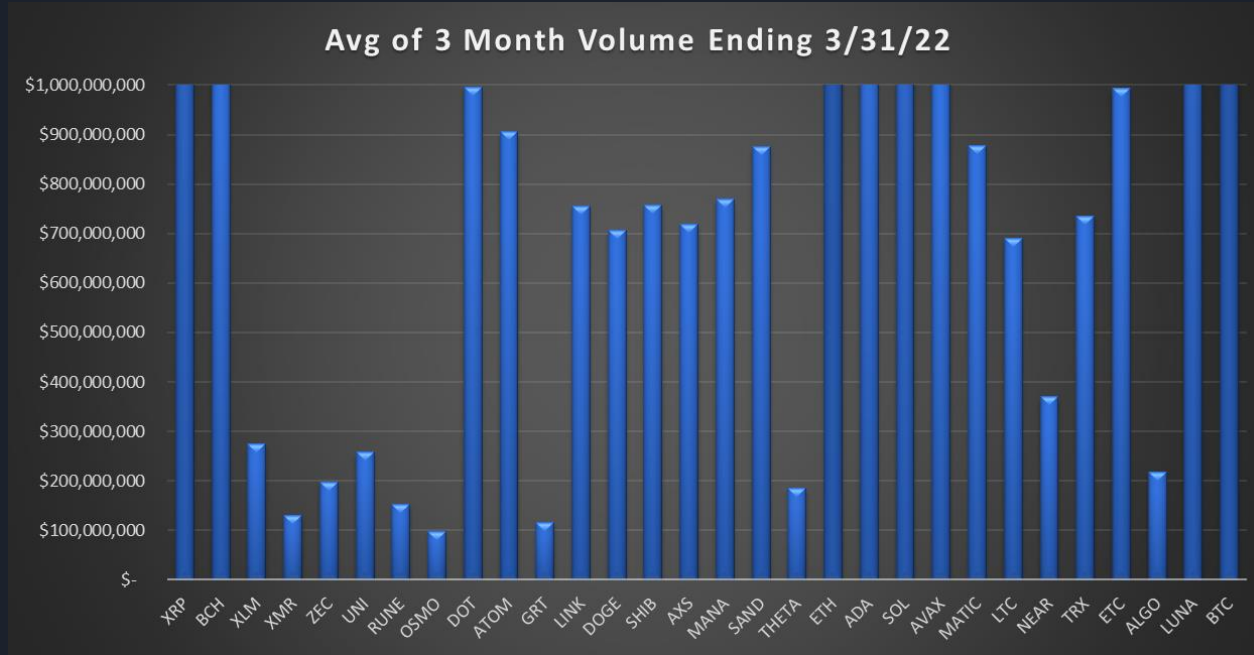


■ Smart Contracts ■ Interoperability ■ Dex ■ Store of Value ■ Cash ■ Meta ■ Meme

Theme	Weight
Smart Contracts	50.00%
Interoperability	15.00%
Dex	10.00%
Store of Value	10.00%
Cash	5.00%
Meta	7.00%
Meme	3.00%

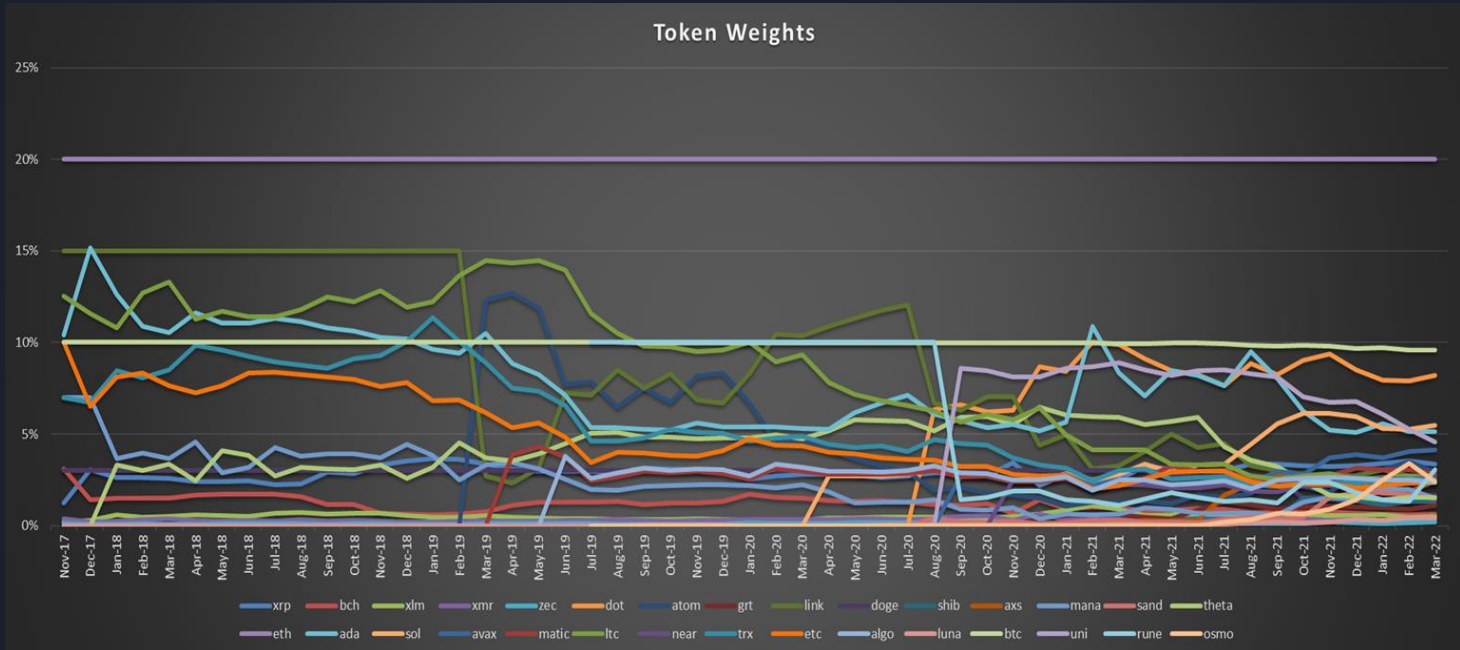
# Liquidity Constraint

- Minimum of \$10mm in volume on the last day of the month for three consecutive months



# ETF Replication Constraints: Single Issuer

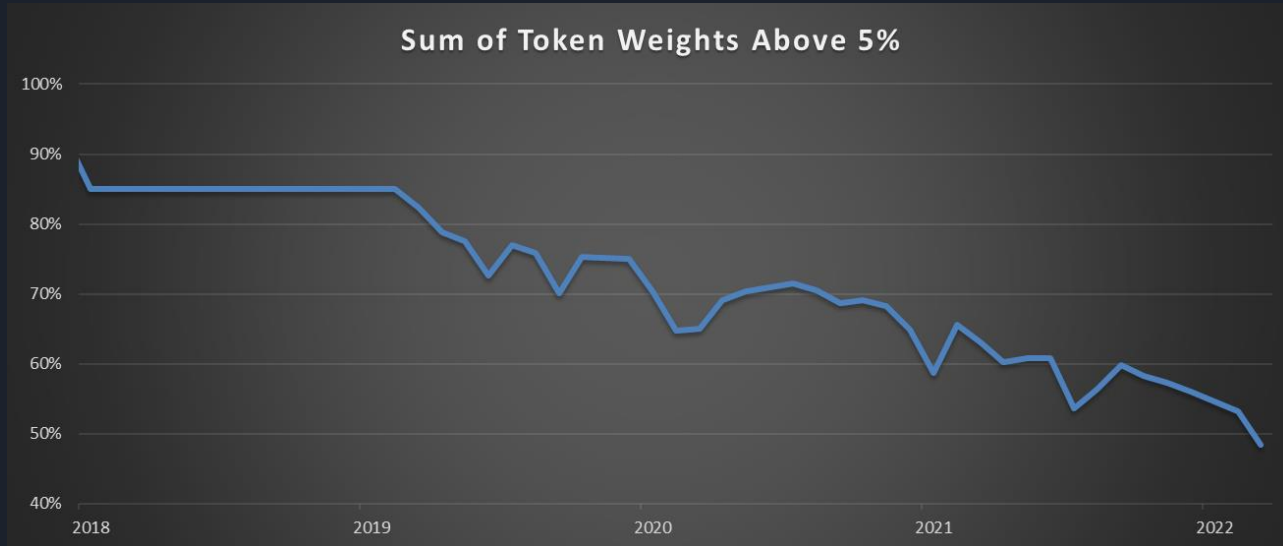
- Single Issuer constraint
  - There are no tokens with a weight greater than 25%



# ETF Replication Constraints: Diversification Rule

- Diversification Rule

- Historically, overall low market capitalization and volume of tokens limited diversification possibilities
- Continued market capitalization and volume growth has increased potential candidates
- The index is currently replicable by ETF constraint standards



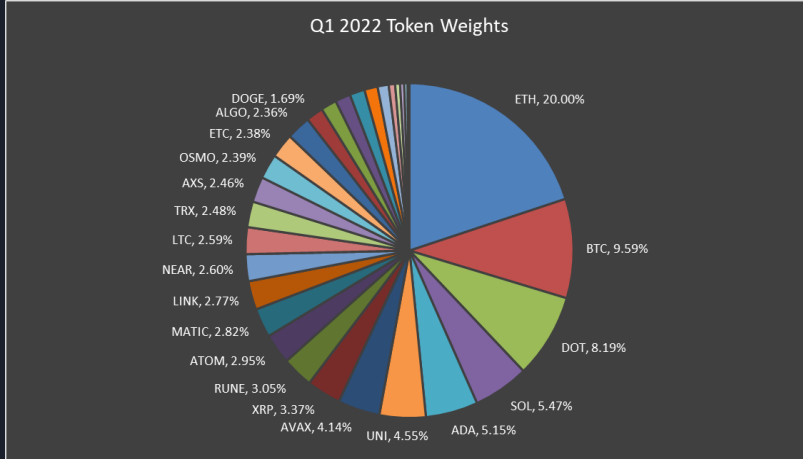


# Token Weights Calculation

- Rebalancing will occur monthly following the below methodology

# State of the Index Q1 2022

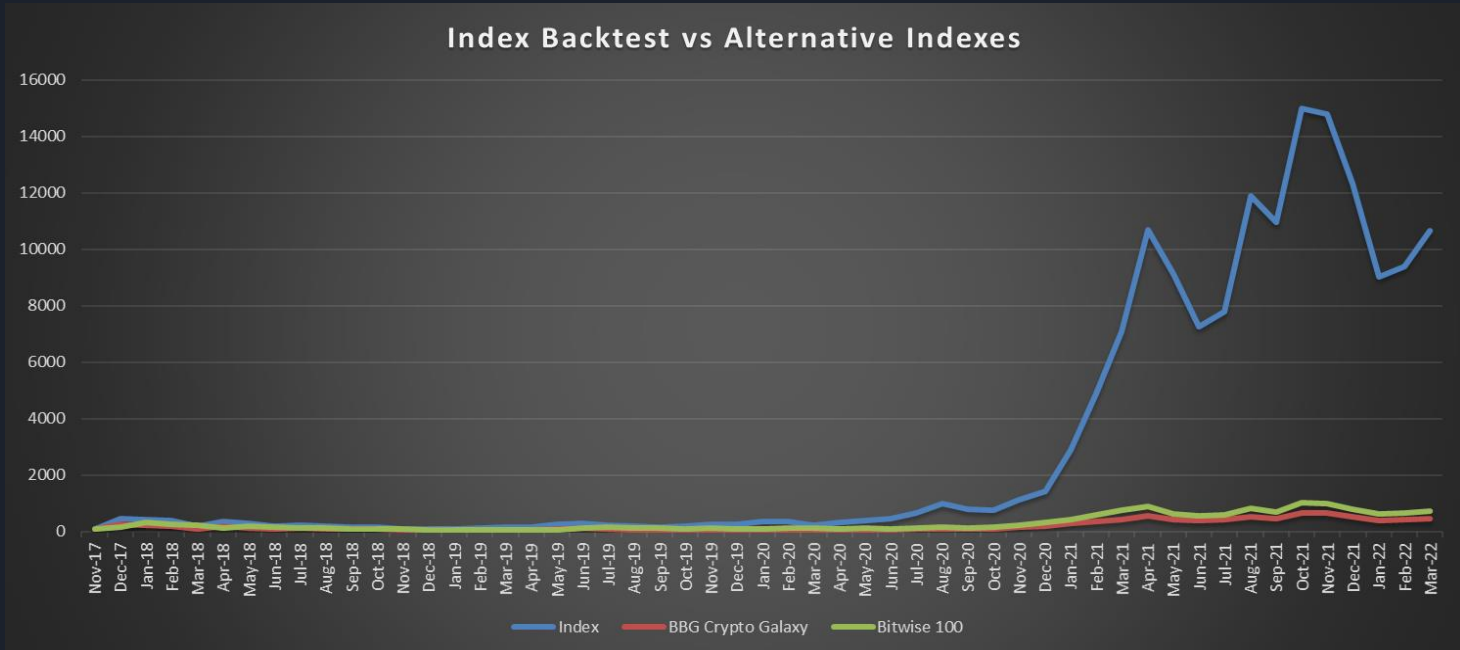
- Top 10 coins consist of 66% of the Index
- Largest three positions are ETH, BTC, and Dot



Token	Weight
ETH	20.00%
BTC	9.59%
DOT	8.19%
SOL	5.47%
ADA	5.15%
UNI	4.55%
AVAX	4.14%
XRP	3.37%
RUNE	3.05%
ATOM	2.95%

# Indexes Historical Levels

- The development of tokens with new utilities propelled the index performance in 2021





# Survivorship/ Look-Ahead Bias

- Current tokens for the Blockchain Utilities Index have been selected to represent current themes
- Many of these themes developed over the past two years
- Existing coins at the backtest inception were largely cash utility tokens



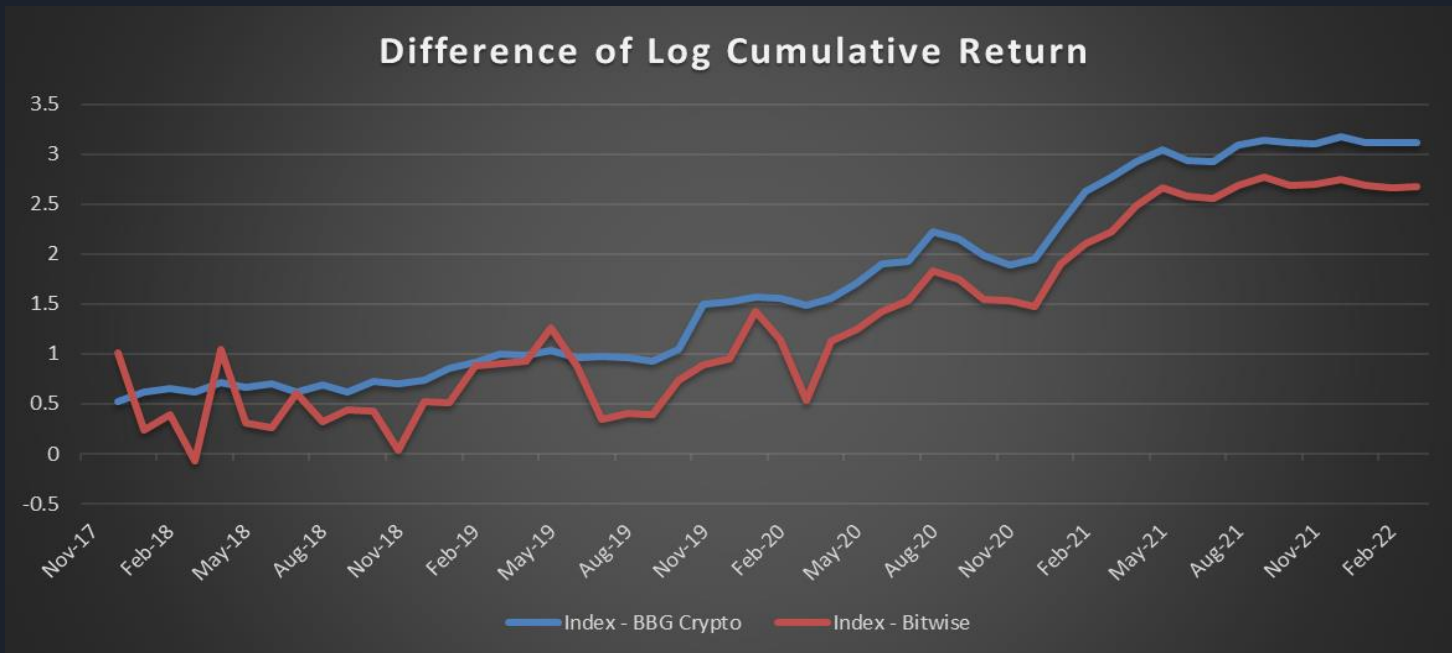
# Comparison to Market Cap Indexes

- Looking at log total returns there is clear outperformance prior to June of 2021

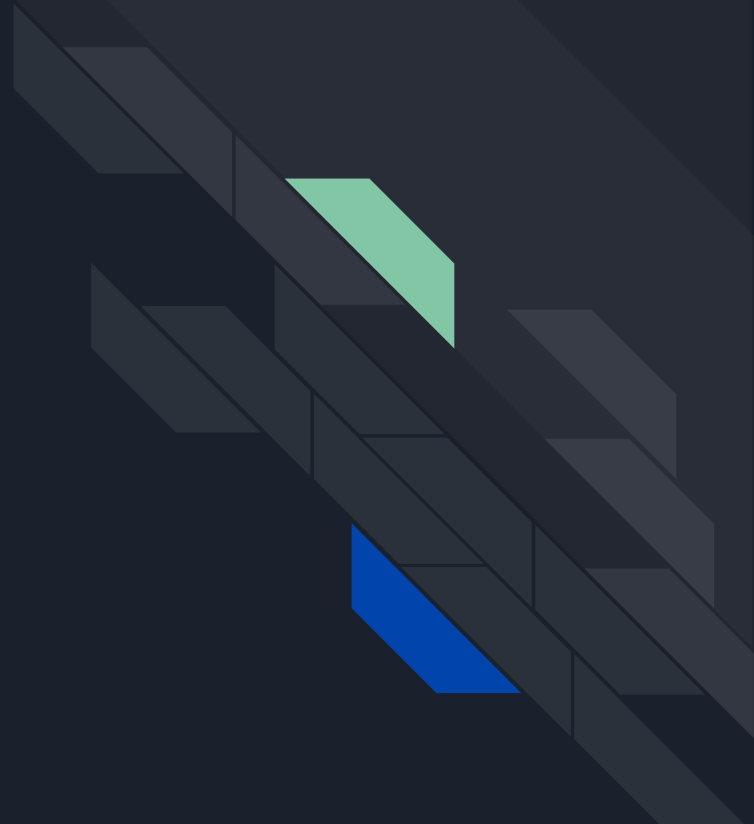


# Comparison to Market Cap Indexes

- Looking at log total returns there is clear outperformance prior to June of 2021
- Flat line after June 2021 shows similar performance between the differenced strategies



Thank you!





# Sources

Chainalysis: <https://blog.chainalysis.com/reports/2021-global-crypto-adoption-index/>

Galaxy Digital: <https://www.galaxydigital.io/post/2021-crypto-vcs-biggest-year-ever/>